AUTOMOTIVE

Specialty Chain Census

Whitlock Reaches 75-Store Plateau With Acquisition of 26-Unit CalAuto

NEW YORK—Whitlock's recent acquisition of CalAuto, a 42-year-old, $15 million, 26-unit California chain, brings the former's total units to 75, with only a portion of the stores operating under other names.

CalAuto stores will continue to operate under their old name, as do National Auto stores, a five-year-old Whitlock takeover.

According to Whitlock president William J. Fox, integration plans for the CalAuto units include doubling the stores' 6,000-sq.-ft. average floor space.

"We will fill the additional space according to our present merchandise mix which calls for mostly expanded accessories and showroom departments along with increased chemicals and floor mat assortments."

Still Developing

Three California locations will be selected for the company's 20,000 sq. ft. SuperStores, but they aren't necessarily going to be in the former CalAuto stores. "We are actively negotiating with a number of real estate developers, and the sites being considered include new, nontakeover locations," said Fox.

Whitlock currently operates SuperStores in Tulsa, Wichita, Milwaukee (2), Binghamton, N.Y., Racine, Wis., and Peoria and Rockford, Ill. (2). Fox also said the company was considering opening more SuperStores in non-California locations, but declined to say where.

"Density and character of local population are the two most important factors when considering where to open a SuperStore unit," explained Fox.

With the CalAuto acquisition, Whitlock, a wholly owned subsidiary of LCP Holdings Limited of Britain, now operates stores in the Midwest in Wisconsin, Illinois, Iowa, Kansas and Oklahoma; upstate New York; Massachusetts and California.

WHITLOCK
AUTO SUPPLY

Whitlock's April acquisition of 26-unit CalAuto was seen as a continuation of the chain's long-range expansion plans. The merger brings Whitlock's latest store count to 75. *(DSN photo)*

Western Dominant

Chain	No. of Units May '81	May '82	Dec. '82	Sales in Millions Last Fiscal Year
Western	3,300	3,200	3,200	$645.0
Pep	104	110	111	$233.5
Grand	78	79	79	$119.9
Guarantee	41	43	44	N.A.
Whitlock	47	75	75	N.A.
Fleenors	46	48	N.A.	N.A.
Schucks	51	51	52	N.A.
Hi-Gear	42	44	47	N.A.
Aid	74	58	61	14.2
Rose	24	29	33	N.A.
Save	16	18	19	4.0

N.A.—Not available.

Non-Fooders Push Food-Store Items

SOUTHPORT, Conn.—A recent survey conducted by SMA, a national retail services firm, found more nonfood stores, such discount and drug chains, are promoting "traditional food store products."

The SMA study also concluded food companies feel the need for different size products in nonfood outlets, enabling these retailers to offer their products in a different package at price differentials other than those at food stores.

SMA's survey focused on four product categories: food, beverages, household products and snacks, including candy. Stock levels and promotions were studied in major discount and drug stores in five major markets for four weeks during the last quarter of 1981.

During this period, only one chain didn't stock any of the four categories; 70% of the stores stocked food items; 100%, household goods; 97%, beverages, and 95%, snacks.

In the four categories, the average number of brands stocked was: 12, food items; 43, household goods; 12, beverages, and 21, snacks.

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AUTOMOTIVE

Specialty Chain Census

Pep Boys Is Completing Its Conversion to Self-Service

Pep Boys will cross the $330-million-sales mark this year with 110 stores in operation, 74 of them in California and Pennsylvania and the rest in four eastern states, the District of Columbia and Arizona. *(DSN photo)*

PHILADELPHIA—Two years into the Pep Boys' conversion program, only 10% of its 110 stores remain to be remade into self-service-style stores.

"The new approach allows us to save on labor costs by reducing the number of sales clerks needed. At the same time, it encourages customers to browse through the stores more, increasing tie-in sales," said a Pep Boys spokesman.

The conversion program is expected to be completed by the end of this year, but the spokesman emphasized a final date hadn't been cut in stone.

This year, he said, the chain will open one unit, in suburban Philadelphia. In 1981, new stores were opened in Granada Hills, Calif., Phoenix and Tucson, Ariz., and Philadelphia. The stores built last year and this will be 15,000 sq. ft.-22,000 sq. ft., including service bays.

Average store size for the chain has gotten larger over the past two and a half years due to the shuttering of the chain's smallest units, which averaged 5,000 sq. ft.-7,000 sq. ft.

Net sales for the fiscal year ended Jan. 31, 1982, rose 16.8% to $233,454,000, up from the $199,823,000 reported in the previous year. Net earnings advanced 44.5% to $11,159,000 from $7,722,000.

Tire sales accounted for 12.3% of total volume in the latest fiscal year, down from 13.5% and 15.4% of volume the previous two years. The company spokesman attributed the downturn to a reduction in consumer driving and longer tread life in certain tires.

Expenses—including cost of goods sold, buying, warehousing, and occupancy; selling, general and administrative costs, and interest charges—decreased as a percentage of net sales to 92.4%, or $215,621,000, in the last fiscal year from 93.9% or $187,675,000 in the previous year.

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Smitty's

(Continued from page 17)

sales floor.

Betz estimates the new system will save each store about 18% of its annual electricity costs. The system offers an eight-year payback based on the actual dollars per kilowatt hour currently paid and the construction costs to install the equipment.

In inflationary times, Betz pointed out, power company rate increases are substantial, and as long as those costs continue to rise the new system "can't do anything but save more money." The payback period will shortened, he added, if the per kilowatt hour costs of electricity goes up.

The heat for the store, Betz said, is scavenged from hot water in the commercial refrigeration compressors. "We don't need a lot of heat," he said. "When you scavenge it's free because the commercial compressors run 24 hours a day, seven days a week."

To cool the store, Betz said the cold air is scavenged from the refrigeration units in the supermarket side of the stores. The system draws off the cold spill air from the cases and redistributes it throughout the store. The system scavenges about 50 tons of cooling air from the refrigeration cases and provides a more uniform temperature throughout the store at a much quicker pace.

The centralized heat recovery system has proved to be more efficient than the previously used roof-top packages, Betz said. The 26 roof-top units for a store of 110,000 sq. ft. would provide about 385 tons of cooling to keep the store comfortable in temperatures that reach 115 degrees. These temperatures are not uncommon in Arizona, where all the Smitty's stores are located.

The heat recovery system provides about 310 tons of cooling in total, of which only about 100 tons are needed to establish a comfortable store environment in those temperatures, he explained.

AUTOMOTIVE

Specialty Chain Census

Oil Is Still Slick Draw

Despite traditionally low margins caused by sharp pricing, discounters like this Rink's, New Philadelphia, Ohio, and auto specialty chains use oil as departmental traffic draws.
(DSN photo)

Grand's Sales, Profits Skyrocket Via Remodeling, Cost Control

OAKLAND, Calif.—The remodeling program undertaken by Grand Auto enabled the chain to rack up nearly $120 million in sales in 1981, a 19.8% increase over the $100.2 million reported in 1980.

Net earning rose 25% to $2.6 million, compared with $2.1 million in the previous year.

Much of the success is attributed to a cautious corporate philosophy which calls for no further store additions to the current 79 units through the end of 1982.

Grand has designated sufficient funds to add six new retail stores within the next 12 months, according to president and ceo Irving E. Krantzman.

The $20 million total sales increase over 1980 was due to what Krantzman termed "tough inventory and expense control programs put in place because of the difficult economic environment during the past year's last two quarters."

Additionally, the company refined its cost control programs including shrinkage control and the renegotiation and integration of Grand's credit line with several banks. The credit line renegotiation resulted in a net reduction of interest expense.

There was continued emphasis directed to increasing sales of the larger gross-margin categories, which resulted in an 18% sales improvement in parts and accessories and a 34% jump in tires. Both categories were helped by newly developed newspaper, radio and television promotion programs.

Grand continued its store remodeling program, investing $2.1 million in capital improvements, with the resulting average transaction increase justifying the upgrading costs.

The chain's initial southern California unit, a 15,480-sq.-ft. store, was opened in May '81 in Bakersfield. The unit was designed, laid out and merchandised to do $3 million in annual sales. "This store has exceeded our sales plan and has been well received by customers in the Bakersfield market," said Krantzman.

The move into Bakersfield signaled the chain's interest in mining the market potential it perceives in its home state.

"Our decision to penetrate the Los Angeles marketplace has been reinforced by our successful experience in Bakersfield," said Krantzman. The chain is currently negotiating for multiple locations in the metropolitan Los Angeles market with the long-term intention of becoming "a dominant factor in the southern California auto market," he added.

Grand's chainwide remodeling program, begun in 1979, is nearing completion as 18 more stores were remodeled last year, with only 11 remaining to be completed.

Shifting hard parts to the rear of each store was considered the primary move of the new layout. Other features of the remodeling include a move toward earth-tone store interiors in order to make the stores more appealing to the increasing number of female customers.

The chain operated 400-plus service bays in 74 of its 79 stores, which are concentrated in the northern California and Nevada markets.

Fleenor's Dolls Up To Attract Women

INDIANAPOLIS—Fleenor's, the 48-unit chain headquartered here, is responding to women motorists.

The company has begun a chainwide remodeling program in order to "make our stores less forbidding to women customers," according to a company spokesman.

In addition, the company is shifting the emphasis in its merchandise mix. For example, it is expanding its foreign auto parts section to serve better the growing number of imports on the road, and eliminating slow-moving categories, like tires.

Tires, which accounted for less than 5% of total sales in 1981, had been plagued by low margins, a result of increased competition from TBA centers, a company spokesman said.

A chainwide point-of-sale (POS) system due to be installed by the end of 1982 will electronically connect all the company's stores to its sole warehouse in Muncie, Ind., and will greatly enhance Fleenor's ability to adjust its inventory control to the needs of the marketplace.

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SPORTING GOODS

Specialty Chain Census

Herman's Projects 3-5 '82 Bows After '81 Lull

CARTERET, N.J.—Herman's will resume expansion of its store base with the focus on existing markets, following last year's retrenchment.

Consolidation was the emphasis during 1981 when the chain held store count steady by closing a unit in Springfield, Mass., because of weak performance, and opening one in a more profitable Bay Shore, N.Y., location.

Earlier this year management let the lease on a Pennsylvania store, located in a dying downtown area, expire, cutting store count to 91.

This year the chain is expecting to open three to five units in states where existing units are doing well. Herman's president Jack Smith reported the chain is looking at locations in Pennsylvania, Delaware, New York and New Jersey.

Herman's is trailing Oshman's, the No. 2 chain in volume, in store count with 91 to Oshman's 157.

Sales for Herman's hit $243 million in 1981, a figure $27 million higher than Oshman's, whose expansion plans outstrip those of Herman's by about five units.

Last year's halt of expansion by Herman's was thought to be associated with the proposed deal between W. R. Grace, owner of the Herman's chain, and Dutch retailer Vroom & Dreesman B.V. Grace had agreed to sell a 50% interest in its retail division (including jewelry, western wear and home center stores) to the Dutch firm. The Grace/Dreesman deal eventually fell through.

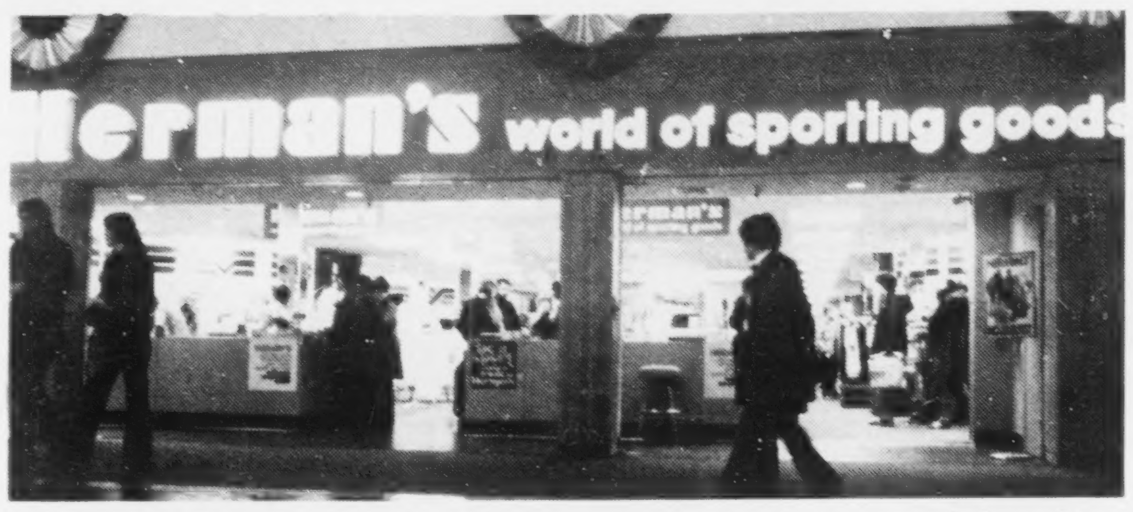
Herman's president Smith reported a strong dedication by Grace to its retail division, which garnered sales of $1.8 billion in 1981—a $250 million jump from the previous year. Sales growth for the sporting goods and jewelry operations (listed together by Grace) averaged 14.9% annually.

For the future, Smith expects that rate to remain steady. "We have faith that the economy will turn around," he added, "and when it does we will fly with it."

Herman's Is Still No. 1

Chain	No. of Units May '81	May '82	Dec. '82	Sales in Millions Last Fiscal Year
Herman's	92	91	95	$243
Oshman's	137	157	166	216.4
Big 5	57	60	62	N.A.
Sunset Sports	36	36	42	65
Dave Cook	14	14	15	N.A.
Gart Brothers	11	11	11	N.A.
Michigan	8	10	12	21
Brendamour's	12	15	15	9.5*
Casey's	7	8	8	N.A.
Colman	4	4	4	N.A.
Hollywood Sports Plaza	4	4	5-6	4.8*

**Company estimate.* *N.A.—Not available.*



Herman's, the top-volume sporting goods chain, is examining sites for new stores as expansion is resumed this year. Of the three to five openings planned for 1982, one will be a mall unit in Queens, N.Y.

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Six Sunsets Are Due by Ski Season

SALT LAKE CITY—Sunset Sports plans to strengthen its foothold in five Rocky Mountain states by launching six new stores in time for the winter 1982 ski season.

The move to boost store count 16.6% this year follows last year's acquisition by parent company Malone & Hyde of the six-store Wolfe's operation. The deal locked up the Utah market for the Sunset division. (Malone & Hyde is a Memphis-based food wholesaler.)

Sales for Sunset, including the six stores still operating under the Wolfe's name, hit $95 million for the fiscal year ended June 1, 1982. That 46% gain over the $65 million recorded a year earlier can be attributed to the Wolfe's stores as well as a busier ski season. (The Wolfe's stores only contributed to last year's volume for about six weeks.)

Third-quarter sales, which reflect the height of the ski season, gained 50% over 1980. Doris Ferguson, manager for financial relations for Malone & Hyde, reported that without volume generated by the Wolfe's stores a healthy 20% gain would have been recorded.

Ferguson expects the chain will continue to chalk up 20% annual sales gains over the next few years.

Malone & Hyde doesn't break out earnings for the Sunset stores from its other retail operations, which include auto parts stores and drug stores.

Acquisition of the Wolfe's stores hiked square footage of the Sunset division by 42%. This year six new stores are planned.

Ideally all six stores would be in operation by Dec. 1, 1982, to tap the profitable ski season. However no definite dates or store locations were available at presstime. Ferguson reported that all new stores will be located in the mountain states of Idaho, Arizona, Wyoming, Utah and Washington, where Sunset has already established a foothold.

SPORTING GOODS

Specialty Chain Census

CINCINNATI
REDS

Making Seasonal Pitch

Spring sparks a new pitch in sporting goods in a Springfield, Ohio, Gold Circle. Everything for the baseball player as well as the spectator is featured in this display, which hones in on the time of year and the local area team. *(DSN photo)*

Oshman's Expansion to Focus On Abercrombie & Fitch Units

HOUSTON—Oshman's Sporting Goods' expansion will focus on its upscale Abercrombie & Fitch stores with a 175% jump in the number of A&F units planned by the end of fiscal '82.

The stores operated under the A&F name will total 13 by Jan. 31, 1983, as compared to four a year earlier.

Total store count for all Oshman's operations, including the Honsport stores in Hawaii, will be boosted by 11.4% to 166 by the end of fiscal '82.

Sales based on 149 stores at the end of January 1982 climbed 49% from the previous year to $216 million. Volume for '82 reflects business generated by 33 stores acquired from the defunct Zale chain in January of 1981.

Oshman's, the leader in the sporting goods store-count poll with 157, is edging up on 91-store Herman's in volume. In 1980 Oshman's volume trailed Herman's by 80 million. For '81 that gap narrowed to only $27 million. Marvin Aronowitz, coo, was not available to make sales projections for fiscal '82.

The huge volume increase in 1981 was attributed to strong fourth-quarter sales, 46% higher than year-earlier figures. Ceo Alvin N. Lubetkin said better ski conditions and a substantial number of new stores contributed to the upsurge.

Earnings for the year of $7.552 million reflected a 51% increase over 1980 figures. A drop in LIFO charges from 13¢ per share to 7¢ per share was a strong factor in the earnings hike. Earnings per share for the year rose to $1.12 from 74¢ in 1980.

Fourth-quarter earnings for the company were up a whopping 73% over the year-earlier period.

Oshman's 1982 expansion is well under way with eight of the 17 stores slated to bow already in operation. Of the seven A&F stores planned for this year, one has opened. It is in Georgetown, a high-income district of Washington.

Lubetkin reported the chain "will continue to aggressively open Oshman's stores, as we have in the past. But the results of the Abercrombie & Fitch stores encourage us to move a little faster than before [on expansion of the division]."

The company operates 10,000-sq.-ft. A&F stores in Beverly Hills and Dallas. Smaller stores, about 7,500 sq. ft., are located in Santa Ana, Calif., Las Vegas and Georgetown. The merchandise focuses on top-quality, high-ticket lines. Leading apparel lines, an extensive gun assortment and top hard good lines are included.

The Oshman's stores range in size from 8,000 sq. ft. to 14,000 sq. ft. The broad, competitively priced assortment includes camping equipment, soft and hard goods ski sections, consumer electronics, gifts, games, athletic shoes and equipment for all sports. About 40% of the stores are located in Texas and almost as many in California.

Last Morsan Strikes Out

PARAMUS, N.J.—The last Morsan store closed its doors for good late last month, marking the end of the sporting-goods chain.

The five-store chain filed Chapter XI of the Federal Bankruptcy Act in May of last year. By the end of 1981 four stores in Fresh Meadows and Farmingdale, N.Y., and Union and Totowa, N.J., had been closed.

Lionel Corporation bought the remnants of the chain in January, when the Paramus unit was the only one left open.

Hills Unveils Two On Its Way to 100

CANTON, Mass.—Hills recently opened 80,000-sq.-ft. stores in Bloomington, Ind., and South Hills, Pa., bringing the chain's total store count to 95.

The openings, the first two for Hills this year, are part of the chain's plan to reach the 100-unit mark by the end of 1982.

The Bloomington unit, located in the Jackson Creek Shopping Center, is the chain's first store in that market. The store will compete with two K marts, a Target and a Danners.

Hills' South Hills unit, located in the Village Square Mall in Bethel Park, a Pittsburgh suburb, is the chain's second in the area. A single Murphy's Mart will provide the only immediate competition for the new unit.

The chain recently announced the location of one of its five remaining stores to be opened this year. The 80,000-sq.-ft. unit will be located within Pittsburgh in The Water Works shopping center adjacent to the borough of Aspinwall.

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Toys "R" Us Eyes $1 Billion Volume Within Two Years

ROCHELLE PARK, N.J.—Toys "R" Us continues to bound away from the rest of the retail toy field.

The industry giant is poised to become the first $1 billion toy specialty chain within the next two years, based on its fast-track growth last year, which saw the company add 19 stores, enter one new market area and hit $738.8 million in volume just from its toy units.

This pace, which resulted in Toys "R" Us accounting for about 9% of the country's toy retailing market, up about 1.5% from 1980, will be emulated this year as the company projects opening 22 to 24 new stores and entering southeast Florida as its newest market.

Already set as an expansion move in 1983 is the company's thrust into Georgia, Alabama and Tennessee, to be served by the opening of a distribution center/warehouse in the Atlanta area, Toys "R" Us's 12th such facility.

More Stores

The entry into a new market, coupled with the opening of a distribution center/warehouse to serve the area, reflects Toys "R" Us's growth program in past years. Last year, the chain opened a facility in Pennsauken, N.J., to serve the three stores unveiled in the Greater Philadelphia Area, along with its half dozen units in southern New Jersey.

Its move into southern Florida with five stores this fall will be preceded by the opening of a distribution center/warehouse in the summer in the Miami area. The rented facility will eventually be replaced by a company-owned building.

The 19 new Toys "R" Us stores added last year resulted in the toy division sales going up 33.3% from $554.2 million to $738.8 million.

Total company sales, which include volume from 10 conventional department stores hit $783.3 million, a 31.1% gain from $597.3 million. The toy stores' share was 94.3% vs. 92.8% in 1980.

The boost in sales was accompanied by a 69.3% jump in the company's net earnings, which hit $48.9 million from $28.9 million.

Two of the firm's conventional department stores—which were profitable as a group—have been disposed of and three more are expected to be sold during the year. The Hill's in Vincennes, Ind., was sold to the store manager, while the Huntington Store in Huntington, W. Va., was shut.

Besides planning to open at least 22 new Toys "R" Us, the company has geared up for its move into the $1 billion retail sales club by promoting Norman Ricken to president and chief operating officer from senior vice president-finance.

Charles Lazarus, who founded the company, continues as chairman and chief executive officer.

Toys "R" Us has also expanded its merchandise assortment by adding personal computers to its mix, with units from Commodore and Texas Instruments already in the stores.

The initial effort has computers and software shown on hanging displays, similar to the presentation for other large, bulky, high-ticket merchandise.

But, the chain's long-range plan is to develop a presentation that will have working models, so that customers can try out a machine.

The company has changed the financial nature of its expansion plan and now projects owning as many of its new stores as possible. This move reflects the high interest rates, and the greater depreciation benefits for real estate ownership possible under the 1981 tax law.

One of the new stores in which Toys "R" Us will have an ownership interest is the former 205,000-sq.-ft. Korvettes in Bay Parkway, Brooklyn. A 40,000-sq.-ft. Toys "R" Us is due to be one of the retailers in the redeveloped unit.

Toys "R" Us Is No. 1

Chain	No. of Units			Sales in Millions Last Fiscal Year
	May '81	May '82	Dec. '82	
Toys "R" Us[a]	85	120	142	$738.8
Lionel Leisure[a]	96	105	75	240.0
Child World	68	71	79	220.3
Kay-Bee	N.A.	313	350	143.2
Circus World	117	129	142	55.0
Toy World	53	51	53	35.0
Play World	11	11	11	24.2
TSW	11	11	11	14.4
Hobby Center	22	23	25	8.0
Play House	16	22	23	N.A.

(Some figures are DSN estimates.) N.A.—Not available. [a]Toy stores only.

Hobby Center Will Unwrap 2 Mall Stores

HOLLAND, Ohio—Hobby Center plans to open two mall toy stores this fall to hit the 25-unit count.

Volume for the privately held company is projected at $8.5 million for 1982, up about 6% from $8 million.

The company is considering adding personal computers, a spokesman said, with a key concern finding the space in its average 3,000-sq.-ft. unit. It would mean footage would have to be taken away from some other category, and there isn't any area whose volume has dropped enough to warrant a sharp cutback.

Margins Inch Up

Hobby Center already carries such family entertainment electronics as Atari and Intellevision, with low prices for the basic units a traffic builder, and cartridges and other add-ons used to generate gross margin dollars.

Family entertainment electronics are low-priced compared to personal computers, the spokesman said, and it's questionable whether the latter would produce enough traffic to justify trading dollars, which is what is likely to happen should computers be added to the mix.

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Specialty Chain Census

Child World Projects Eight Bows in '82

AVON, Mass.—Child World projects opening eight new stores this year and adding personal computers to its mix to broaden its market appeal.

The 71-store company, which uses the Child World name for its stores in the Northeast, and the Children's Palace logo in the Midwest, hit $220.3 million in sales in the fiscal year ended Jan. 30, up 26% from $178.2 million.

The increase reflects the increased inventory carried by the chain under its new owner, Cole National, which acquired the toy company last year.

Part of the augmented inventory investment went into higher-ticket electronic and video game merchandise, and the addition of personal computers will be an expansion of that move.

Child World plans to have working models of the computers on display within its electronics section.

This focus on higher-ticket merchandise that appeals to a broader range of shoppers was also behind the chain's setting up a gift registry of toys for mothers-to-be.

The immediate goal of introducing a mother-to-be registry is an increased share of the layette market. The increased traffic will also provide greater exposure for the toy store and could lead to additional sales.

Child World has also implemented a birthday club for children under 12.

Both the mother-to-be registry and birthday club involve customers leaving their name with the toy store.

In the case of the mother-to-be program, the expectant mother lists the items she wants on her registry form. In turn, the registrant receives a free gift and 10 postcards containing the registry information which she can send to relatives and friends.

As purchases are made of items on the registry, they are checked off the registry listing to avoid duplication of gifts.

Child World's projected expansion denotes the key position the chain has in the Cole National conglomerate.

The parent company's 1981 sales of $407.7 million were more than double the $174 million volume of 1980. The toy operation accounted for 54.1% of Cole National's sales in 1981.

Cole National's net income in the latest fiscal year of $8.7 million was up 30.4% from $6.7 million.

HRT's Lubin Is Honored at Fete

NEW YORK—Senior vp of HRT Industries Inc., Los Angeles, (parent company of Zodys) Elliot B. Lubin was honored at a testimonial banquet sponsored by the City of Hope.

Lubin was feted at New York's Sheraton Centre on June 8 for his support of the medical center.

The City of Hope specializes in major catastrophic maladies including cancer and leukemia, blood, heart and lung disorders, diabetes, lupus, and other diseases of metabolism and heredity.

Lionel Leisure Restructures Toy Division

NEW YORK—Lionel Leisure has restructured its toy business into two distinct operations—toy supermarkets and basic toy stores—as part of its Chapter XI recovery plan.

The company has pared its toy operation to what it projects will be a smaller, more profitable core of 75 stores by closing 30 units, along with five distribution centers.

Leonard Wasserman, one of the originators of the toy supermarket concept and founder of the Kiddie City chain that was eventually acquired by Lionel, has rejoined the company.

He will be responsible for Lionel's toy merchandising and marketing programs, with his exact title pending board-of-director approval at presstime.

Lionel's efforts to become a smaller toy company were a response to its shotgun growth in 1980 and 1981 which saw the company unveil 40 stores in 1980 alone, acquire two toy chains and expand into California and Texas.

This growth, which was poorly timed and came just as the nation started to slide into a recession, was cited as the trigger that set off Lionel's Chapter XI.

Lionel has presented a business plan for its continuing operations to its creditors, which was approved, a company executive said. Its plan to settle debts is due this month.

A Step Forward

The company has obtained $15 million in a revolving credit agreement with Chemical Bank, securing the funds with stock of Dale Electronics, a profitable subsidiary.

Manufacturers who have been supplying the company since its filing in February have been granted a super priority status for payment.

As for Lionel's retrenchment, the closings involved all six stores in California along with individual stores in other locations.

The Texas stores—Fun City Toys units acquired in 1980—as well as the Toy City units also bought that year from Consolidated Toys, have been repositioned as basic toy stores under a new name, Toys Plus. This scaled-down 18-unit operation has stores in Texas, Kansas, Nebraska and Oklahoma.

Lionel's traditional toy supermarket operation has been trimmed to just 57 stores under such logos as Kiddie City, Lionel Playworld and Toytown.

At the height of its operations at the end of 1981, Lionel's 105 stores generated slightly over $240 million in sales. The company's bankruptcy filing noted that the net loss was $5.5 million.

This loss came after the company has repaid $85 million in unsecured debt in December 1981 to a number of banks and insurance companies. Despite this repayment, the financial lenders refused to continue their support. This forced Lionel to file Chapter XI in an attempt to hold off toy manufacturers—which are owed more than $90 million—while using its cash flow to replenish and maintain its inventories.

The company will also use Federal tax refund monies and royalties from General Mills' use of the Lionel name for toy trains to pay for merchandise.

Lionel hasn't sharply changed the merchandising of its toy supermarket units. These stores are continuing to offer personal computers, an area the company added during the past holiday sales period.

As one of the first toy retailers to offer personal computers, Lionel set up a special section with demonstrator units for the computers. Computers and peripheral equipment are mass displayed on gondolas while pilferable software modules are in glass showcases for security.

The toy operation accounted for about 72% of Lionel's sales while its Dale Electronics arm did about 26% and license fees 2%.

Lionel's restructuring doesn't include selling Dale, a company executive asserted, as this operation continues to be profitable.

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Boys love to play with Masters of the Universe.™ Not just for a day, but every day of the year. Which is why at Mattel, we like to think of ourselves as the year-round toy company.

With a year-round marketing program that provides year-round profit opportunities from the Masters of the Universe line. Already airing is a TV campaign backed by our multi-million dollar advertising budget. Even more excitement for the line is being generated by DC Comic Books, telling exciting tales of the Masters

Kay-Bee, Under New Owner Melville, Seen Doing $400 Million by Late '80's

LEE, Mass.—Kay-Bee, under its new owner, retail conglomerate Melville, is expected to grow at an annual rate of 25% and become a $400 million operation by the late 1980's.

The toy chain, which had 270 stores by the end of last year and expects to have 350 by the end of 1982, and $107 million in sales for the six months following its July 1981 acquisition by Melville.

Melville's annual report indicated that Kay-Bee's total volume in 1981 was $143.2 million, up 47.2% from $97.3 million in 1980 when the company was privately held.

That growth, along with the long-range outlook projected by Melville officials, explained why the conglomerate added the toy company to its table of nine specialty store chains. Melville acquired Kay-Bee for $64.2 million, paying $7.1 million when the move was consummated last year, with the remaining $57.1 million due to be paid over a three-year period.

Melville's purchase of Kay-Bee was broken down as follows in the annual report: goodwill, $45.6 million, and property, plant, equipment and leasehold improvements, $16 million.

The report noted that the acquisition "has been accounted for as a purchase and the excess of cost over the net assets acquired is being amortized over 40 years."

Melville acquired Kay-Bee to extend its assortment of specialty store chains into a new area—toys—which will strengthen the conglomerate's hand in dealing with shopping center developers by offering builders a greater variety of stores for their malls.

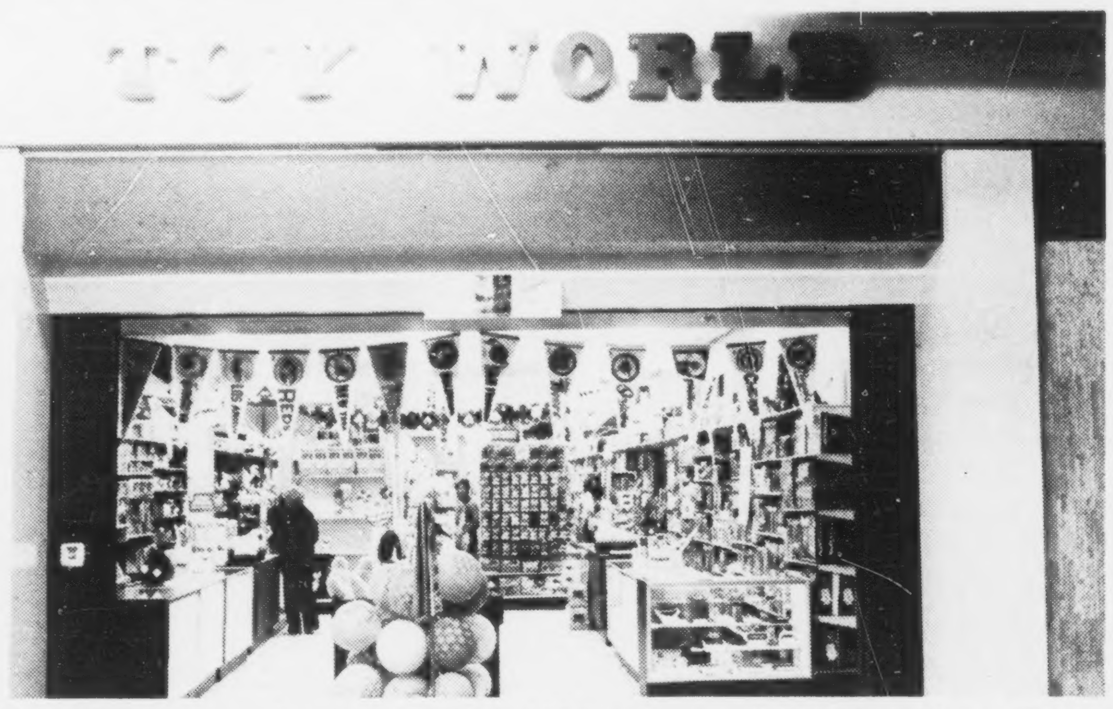
Kay-Bee's operating profit for the six months under Melville was $20.7 million, or 19.3% of sales. This percentage is higher than the operating profit percentage for Melville's three other main retailing groupings: apparel, footwear, drugs and health and beauty aids.

Kay-Bee's percentage, of course, is skewed by the fact that the operating profit came from volume generated during the toy company's key third- and fourth-quarter holiday sales period.

The toy chain has units just in malls in 43 states and has already opened 43 of the 80 new stores projected for this year. All the new units will go into markets where Kay-Bee already has stores.

Kay-Bee's stores average 3,500 sq. ft. and merchandise basics and impulse-type toys and hobby merchandise, including electronic games.

Personal computers aren't merchandised, a spokesman said, because they don't fit in with the chain's children and impulse toy orientation.



Toy World's new layout, seen in Weberstown Mall, Stockton, Calif., has checkout area along side wall, freeing center of store for display of bulky and promotional goods. *(DSN photo)*

Redone Toy World Layout Creates Bulk-Item Space

BURBANK, Calif.—Toy World has revamped the layout of its stores to develop space for the display of bulky seasonal merchandise such as pools and bikes.

The chain's stores average 3,600 sq. ft. and are only in malls.

The new setup involved moving the checkout area, which was in a corral in the center of the store, to a side location, thereby freeing space in the middle for feature tables, and platforms for bulk displays.

The tight selection of bikes ranges from 16-in. to 26-in. models and includes land cruiser and BMX types that appeal to consumers on the West Coast, where the chain has most of its stores.

The above-ground swimming pools are offered in special displays that show just photos plus samples of the sidewalls and liners of the models carried.

Toy World, which is a division of Rasco Stores, had $35 million in sales in 1981, up about 10% from $31.8 million in the previous year.

The chain expects to open two new stores this year to return to the 53-unit mark.

Computers Added by Play World

FARMINGDALE, N.Y.—Play World has added personal computers—from Texas Instruments and Commodore—to its mix.

Only boxed stock is available, a spokesman explained, as customers are presold through TV ads.

The merchandise expansion came as the chain held off on opening more stores in its suburban New York City market due to the economy.

The chain, a division of Greenman Bros., housewares and toy distributor, has 11 freestanding stores and six leased departments in Modell's discount stores.

Play World's sales in its last fiscal year dropped 7.5% to $24.2 million from $26.2 million.

The chain has kept housewares departments in two toy stores due to the availability of space.

Play House Swells Houston Stronghold

HOUSTON—Play House continues to focus its growth on the Greater Houston market and projects opening a total of four stores there this year.

Three have already been unveiled in that area, pushing the chain's total count to 22, with a fourth due in the fall.

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APPAREL

Specialty Chain Census

Mervyn's: $3B Biz By '85-86

HAYWARD, Calif.—Mervyn's, which hit the landmark of $1.1 billion in sales last year, is expected to triple its volume by 1985-86 to $3 billion.

In addition, John F. Kilmartin, chairman and ceo, projected Mervyn's would be a nationwide operation by 1990, rather than an operation concentrated primarily in the West.

The 1981 earnings performance of the giant soft goods operation was also impressive. Operating profits were $119.6 million, a 57% increase over 1980's $76.3 million.

For the first time, Mervyn's operating profits surpassed those of its parent Dayton Hudson's largest division, the $2-billion-sales Target chain. Target's operating profits were $108.7 million last year, a 19% increase over 1980's $91.1 million.

Mervyn's plan to reach $3 billion in the next four years or so includes more ambitious expansion plans than were announced just six months ago. The earlier plan called for 131 stores with a total of 10.5 million sq. ft. of space in operation by 1985.

The new blueprint calls for 100 new stores to open by 1985-86. With the prototype store being 78,000 sq. ft., this would bring the operation to roughly 14.1 million sq. ft., about a one-third upward revision of the chain's expansion plans.

More Stores

Currently, Mervyn's operates 83 units. California is still its stronghold with 59 stores, but it has opened stores in seven other Western States: Arizona, 6 units; Utah, 6; Nevada, 4; Oregon, 3; Texas, 2; New Mexico, 1, and Washington, 1.

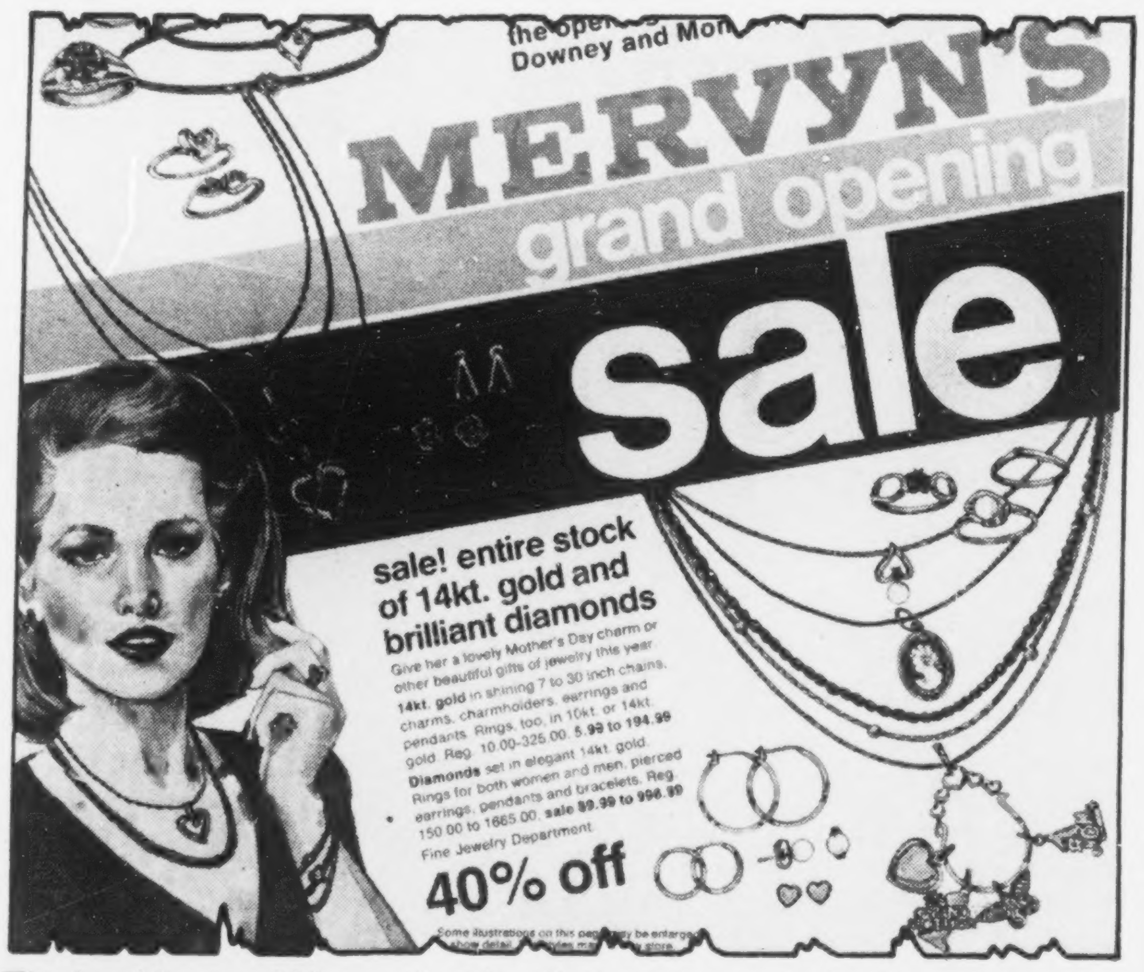
The chain's new stores will be opened primarily outside of the heavy northern California concentration and prepare the way for what Mervyn's plans as its second region. This newly carved area will be called the South Central Territory and will include four states—Texas, Oklahoma, Arkansas and Louisiana.

By 1985, Mervyn's will serve that four-state area from a 400,000-sq.-ft. distribution center in Plano, Tex., north of Dallas. Two years later, the Plano facility will be expanded by another 150,000 sq. ft. It will house its own buying, merchandising and sales promotion staff. The plan is for the Plano facility to be a duplication of the Hayward, Calif., chain headquarters.

At the end of 1982 the South Central Territory will have just three stores: two now operating in El Paso, Tex., and a third to open in Amarillo, Tex., in October.

The store count in the territory will be substantially beefed up by the new store-opening plan. Of the 100 units projected, 35 are slated for the South Central Territory. Ten of the 35 will be located in the Dallas-Fort Worth area.

A spokesman for Mervyn's pointed out that even though specific plans for new units in other states in the South Central Territory haven't been announced, Mervyn's can move very quickly into new locations and markets.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Give her a lovely Mother's Day charm or other beautiful gifts of jewelry this year. **14kt. gold** in shining 7 to 30 inch chains, charms, charmholders, earrings and pendants. Rings, too, in 10kt. or 14kt. gold. Reg. 10.00-325.00. **5.99 to 194.99**

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Fine Jewelry Department

40% off

The backbone of Mervyn's advertising strategy is its every-Monday tabloid. The pulling power of the 25-30-page tab is one way the chain quickly establishes itself in a new market.

Apparel Chains Are Hot

Chain	No. of Units			Sales in Millions Last Fiscal Year
	May '81	May '82	Dec. '82	
Mervyn's	73	82	92	$1,062.0
Marshalls	84	108	136	618.3
T. J. Maxx	48	69	84	225.0*
Loehmann's	54	56	56	210.0*
Hit or Miss	247	263	279	143.0*
Pic-A-Dilly (Its-A-Dilly)	194	202	215	100.0
J. Brannam	27	39	39	55.0
Beno's	57	60	62	40.0
Off The Rax	54	71	72	31.9
Filene's Basement	4	6	9	N.A.

**DSN estimate.*

N.A.—Not available.

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Specialty Chain Census

Marshalls to Nudge $800 Million For 1982

Marshalls is projecting $798 million in sales in 1982, a 29% increase over last year. That will be enough to make it the largest Melville Corp. division, passing the current leader, Meldisco. *(DSN photo)*

WOBURN, Mass.—By the end of 1982, Marshalls intends to be No. 1 in sales and profits among the nine divisions of Melville, its parent.

Sales of $798 million are projected for 1982. This 29% increase over last year's $618 million will put Marshalls ahead of the current top division, Meldisco, which operates the footwear departments in all United States K marts.

The 34.2% increase last year, the largest in the Melville group, put Marshalls ahead of the 1,261-store Thom McAn shoe division for the first time.

Marshalls' growth has been dramatic since its 1976 acquisition by Melville. Having only 32 stores at the time, the chain went on to close 1981 with 108 units. Another 28 stores are planned for 1982, bringing the total to 132.

Most of the 1982 openings are designed to beef up existing markets. Some groundbreaking will take place in new trading areas such as Denver, San Antonio, Minneapolis, Reno and Rochester.

New store openings have contributed to the chain's rapid growth, but management maintains the soft economy in recent years has been advantageous by driving more affluent customers to the off-price apparel and domestics operation.

Marshalls has been taking advantage of its higher-income customer base by trading up and expanding the merchandise assortment.

For instance, the chain is experimenting with a separate designer shop, primarily for misses and junior sportswear. The shop carries closeouts and overruns from such manufacturers as Evan Picone and Calvin Klein. It's also going after the young junior and the maternity business more aggressively.

Two years ago Marshalls decided to try a better jewelry department. This area, stocking 14 karat gold jewelry from about $10 to $900, has been so successful the department will be in over 50 stores by the end of 1982.

A spokesman explained the 14k jewelry, with no recognizable brand name, is still recognizable as an "off-price" value. The chain offers jewelry at savings from 20%-60%, the same as in apparel.

Marshalls does its jewelry buying "opportunistically," just as it buys apparel and domestics; it plunges into jewelry when the price of gold is low. Unlike the department store and cataloger competition, Marshalls doesn't make any long-range jewelry commitments.

Last year the chain began construction of a 788,000-sq.-ft. distribution center in Atlanta. Having only about 20 stores in the South, Atlanta was chosen for two reasons: Future stores are slated for the region, and equally important, Marshalls wanted a southern distribution center even if it had no southern stores. It's after a facility located near its heaviest concentration of apparel and domestics manufacturers.

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We've made it twice as smart to stock up on Union's fine line of motor oils…because now you get twice as much co-op allowance!

Union 76 motor oils have long been known as great little profit-makers. And right now they're even better! So be sure to stock up on the entire line before this offer ends, June 30, 1982.

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You can still take advantage of a special offer on ATF products in plastic quarts through June 30, 1982. Buy 12 cases, get one free with any carload purchase of Union motor oils.

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T. J. Maxx Will Go Nationwide Within 5 Years

FRAMINGHAM, Mass.—The five-year plan for T. J. Maxx calls for the chain to go nationwide.

Bernard Cammerata, president, said he couldn't put an exact date on when this will happen, but T. J. Maxx will stretch from coast to coast sometime within the next five years.

Launched by the Zayre Corp. just five years ago, T. J. Maxx, the off-price, brand-name, family apparel operation, has been growing fast. It ended 1981 with 64 units, giving the chain an average addition of 10-15 stores a year. With each unit averaging 25,000 sq. ft., the operation ended the year with a total of 1.6 million sq. ft.

To reach its five-year goal, the earlier pace has been accelerated. Last year 21 units opened; another 20 are slated for 1982.

The current plan calls for opening 20-24 new stores a year in each of the next five years. If T. J. Maxx sticks to the schedule, the chain will be operating 175 stores by 1987, with a total of 4.4 million sq. ft.

Still Developing

T. J. Maxx is now in 19 states with the major concentration of stores in the Northeast, South and Midwest. New market entries on the 1982 calendar are Birmingham, Atlanta, Philadelphia and Kansas City, Kan.

The Kansas City opening in May will put the chain on its most western frontier.

Stepped-up growth has already succeeded in the chain outgrowing its 450,000-sq.-ft. distribution center in Framingham, Mass. To accommodate future growth, an additional 300,000-sq.-ft. facility is under construction in Worcester, Mass., and will be operating in July 1982.

This Worcester facility is designed to do more than help handle the new units planned. It is moving into more highly automated systems which will ultimately enable T. J. Maxx to operate from multiple distribution centers.

Specialty Chain Census

Radio Shack Leads Pack

Chain	No. of Units May '81	May '82	Dec. '82	Sales in Millions Last Fiscal Year
Radio Shack	6,150	6,363	6,503	$1,387.0
Circuit City/ Lafayette	45	49	51	131.9*
Team	109	99	109	62.0
Kelley & Cohen	44	38	40	57.0**
CMC	58	55	N/A	47.5**
Sam Goody	32	32	33	N/A
Newmark & Lewis	18	19	N/A	50.0
Pacific Stereo	89	89	N/A	N/A
Atlantis Sound	10	9	10	N/A

**Sales include 51 leased departments in Zodys' stores.*
***DSN estimate.*
N.A.—Not available.

Radio Shack Plans to Unwrap 10 Computer Centers a Month

FORT WORTH—Radio Shack has keyed in on the booming home computer market and will open 10 of its specialty Computer Centers a month for the remainder of the year.

At presstime there were 270 Computer Centers in the United States plus 450 Radio Shack stores with expanded computer departments to sell and service the company's TRS-80 microcomputer line. Computer Centers, typically 3,000 to 3,500 sq. ft., are geared to meet needs of businesses and educational institutions. The centers feature equipment, accessory and furniture showrooms plus classroom and service/maintenance departments.

Computer Centers are located in 150 major United States markets and offer the complete line of TRS-80 computers.

Sales for Radio Shack's 6,363 United States stores, computer centers and franchised units rose 23% during the fiscal year ended June 30, 1981. Home computer sales accounted for 21.8% of total 1981 sales—up from 12.7% the year before. Computer sales estimates for the year ending June 30, 1982, are hitting between 25% and 30% of total volume, according to John Roach, president of the Radio Shack division of Tandy Corporation.

Roach expects overall sales growth to continue at a level of above 20% annually. So far this year sales are up about 22% over a year ago.

Although Roach said computers were "certainly the fastest growing category for the year," he reported strong growth in telephones and electronic toys. Radio Shack stores will broaden their assortments of telephone equipment this year, he said.

Video tapes will be added to the completely private label mix in Radio Shack stores through Tandy's recent acquisition of the Memorex consumer electronics division. Although the stores won't carry video cassette recorders, an array of video accessory equipment along with video games will be added later this year. Roach wouldn't detail at presstime Radio Shack's new lines.

Radio Shack will grow at the rate of 10 new stores per month, said Roach.

Team to Expand '82 Store Base by 10

MINNEAPOLIS—Team Electronics will expand its store base by 10 this year, pushing into the Texas market with three units.

Sales of $62 million for the fiscal year just ended reflect a 15% increase over the previous year. For the current fiscal year sales are showing a 20% gain, reported Gary Thorn, executive vice president.

As part of a move to an all-franchised operation, Team cut its store base from 109 to 99 as 10 company-owned-units were closed. By the end of the year store count should be back up to 109.

Openings slated for Austin this month and Houston in the fall follow the launching of Team's first Texas unit in Colleen, last November.

The other openings will be in markets where the chain's name is already established.

Home computers account for 45% of sales. Team stores carry the entire Apple line—the most expensive system could run a customer $10,000. A VIC-20 system by Commodore, also included in the mix, retails for around $300. Team stores' computer departments have about 1,000 sku's.

Video cassette recorders and accessories generate about 15% of Team's volume. Stores offer a limited line which features Panasonic's lazer disc system.

Wards Sets 2 Super Stores

RICHMOND—Wards, operator of Circuit City and Lafayette stores, will funnel expansion efforts into its Super Store operation with two openings set for this year.

Wards purchased the eight-store Lafayette chain late last year—earning a $35 million tax-loss carry-forward from the deal. The company currently operates five Circuit City Super Stores, 44 regular Circuit City stores—eight under the Lafayette name—and 51 leased departments in Zodys stores.

Two 35,000-sq.-ft. Super Stores—one in Winston-Salem, N.C., and one in Norfolk, Va.—will be opened this fall.

No openings are expected in '83, when the company will look to its leased departments for growth.

Telephones and phone equipment, security systems and citizen's band radio are seen as growth areas for the future.

ShopKo's Parent Declares Dividend

MINNEAPOLIS—Super Valu Stores, parent of ShopKo, declared a quarterly dividend of 12¢ per common stock share, payable June 15 to shareholders of record June 1.

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

VOL. 21, NO. 14 Published Biweekly, Every Other Monday, Monthly in December, by Lebhar-Friedman Inc. $2 a copy JUNE 28, 1982

With store managers in tow, a fast-talking Sam Walton gives visiting stock analysts and bankers a whirlwind tour of two Wal-Marts during the chain's two-day annual meeting.

'Give Me a W! Give Me an A!'

By IRIS S. ROSENBERG

BENTONVILLE, Ark.—A teenage girl stands up and tells the audience how she and her friends worked to buy two shares of stock.

An investment banker from Paris (France, not Texas) gets the "award" for having come the furthest for the annual meeting—beating out a woman from San Francisco.

Seven store employees run to the stage to lead hundreds of their co-workers, some of them bused in from surrounding states, in the company's favorite cheer: "Give me a W, an A, an L, a 'squiggly'. . . ." The company's chairman of the board joins them.

The room, the main exhibit hall at the local fairgrounds, is filled to bursting with store associates, visitors and shareholders, and lined with displays of the best-selling merchandise—present and hopefully, future—of each department.

If it's always Wal-Mart time in Bentonville, the $2 billion dollar company's annual shareholders meeting is high noon.

But then, it's not just an annual meeting.

(Continued on page 30)

Disposition of FedMarts Is Iffy; Target Gets One

By ARTHUR MARKOWITZ and SUSAN WARNER

SAN DIEGO—The discount industry in southern California, Arizona and New Mexico is in upheaval.

The shutting of 48 FedMarts by the end of July, following last year's closing of The Treasury, will leave at least 53 discount stores vacant in that tristate region stretching from New Mexico west to the Pacific Ocean.

Reports that Target is eying southern California have added to the market agitation.

Discounters in the region—particularly Gemco and Zodys in southern California, where FedMart had 35 stores—are currently mapping out plans to capture FedMart customers and to meet any invasion contemplated by Target.

Wait and See

Executives at Target and its parent Dayton Hudson have been equivocal about any takeover of FedMart stores, either in southern California or in Texas where the California discounter has already closed all of its 15 units.

Target executives would only own up to taking over one of two FedMarts in San Antonio, Tex., as part of a planned move into that market next spring with six stores. FedMart has shut its store in Las Cruces, N.M., which is about 40 miles from El Paso, and that unit is reportedly going to Target.

Target president Floyd Hall said at the NMRI convention last month that "we're looking at the FedMart stores and we're very interested in them. But it's really not up to us. There are a lot of other people looking at the stores too. We're waiting for FedMart to make a decision as to what they want to do."

At Dayton Hudson's annual meeting last month, president Kenneth Macke (who had been head of Target) said: "It's fair to say that if Target continues to perform the way it has, it will be in California. There is no way

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Shewmaker, Fisher to Be Honored at SPARC Dinner

NEW YORK—Jack Shewmaker, president and ceo of Wal-Mart, has been named Discounter of the Year, and Herbert Fisher, chairman of Jamesway, has been elected to the Discounting Hall of Fame, it has been announced by *DSN*'s SPARC committee.

Both men will be honored at a special SPARC awards dinner, Aug. 15, at the Hyatt Regency Hotel in Chicago.

The *DSN* Supplier Performance Awards by Retail Category (SPARC) committee has also nominated the three best suppliers in each product category (see list on p. 29).

The committee is made up of general merchandise managers at leading discount chains, with the chairman being Peter Hayes, vice president, merchandising, Hills Department Stores.

Winners and first and second runners-up will be announced during the awards dinner.

The keynote speakers at the dinner will be Wal-Mart's Shewmaker and Jamesway's Fisher.

Jack Shewmaker

Herbert Fisher

CE Buyers: Decisions, Decisions

By BETTY J. TAYLOR

CHICAGO—Discounters who were game for expanding their video game and computer programs—or looking to take the plunge into computers—found what they were looking for and more at the Summer Consumer Electronics Show here.

In fact, most chain buyers among the 60,000-plus in attendance said they found "too much" to choose from, particularly in the video-game software category where new manufacturers have tripled since last year.

Cook United dmm George Lehman termed the abundance of software in the market "an sku nightmare."

But the wealth of video systems—in a show where video clearly outplayed audio—seemed to promote optimism.

In this continuing downtrodden economic climate, buyers say their consumer electronics departments—specifically video games—have been one of the few shining stars for most chains, even though margins remain tough.

Most envision computers as the star of the future, as evidenced by the number of chains entering the market or expanding their tests.

Jamesway was at the show to determine whose computer program it will institute in the near future. Gold Circle, which just put in the Atari 400 program, was looking for a secondary offering. Wal-Mart was deciding whose programs would give depth to its program, one of the first in discounting which used Atari 400s. Most often, Commodore and Texas Instruments were mentioned for fleshing out programs as secondary offerings.

But it wasn't just the wealth of new entries in video—from games and computers to video cassette records—which provided for a spirited show. Price reductions also provided some encouragement.

In video, the most noted price reduction—and the most surprising, perhaps—was Atari's slashing of its 400 personal computer. The manufacturer took a 13% to 14% decrease, suggesting retail be trimmed from $399 to $349. Atari also cut prices on six of the entertainment programs for the unit.

But, leading the way in dropping computer prices was Timex, which showed off its Sinclair 1000 to retail at under $100. Most buyers noted they were considering the unit as an opening price point in computers, but certainly not their only offering.

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The Boom in Video Systems
(Unit Sales to Dealers; Add 000)

Product	1979	1980	1981	1982
Video Games Hardware	400	2,200	4,200	8,000
Video Games Cartridges	4,000	9,000	30,000	55,000
Electric Hand-Held Games	27,000	38,000	34,000	30,000
Personal Computers	150	325	500	2,000

Source: Electronic Industries Association Marketing Services, based on various industry sources' estimates.

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Digest
June 28, 1982

H&BA
- **A just-approved sleep aid ingredient** and its national roll-out are expected to wake up sales in the category. (p. 6)

HARDWARE
- **DIYers are still fixing up the** home, but discounters are finding best electrical-item profits in tightened mixes. (p. 12)

HOUSEWARES
- **Glassware sales are still** sparkling as buyers report double-digit department gains in the first quarter, and eye a surge in glass dinnerware. (p. 20)

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F.D.A. Ruling to Hypo Sleep Aids

Awakened by the Food and Drug Administration's approval of a new sleep-inducing drug for over-the-counter sales, discounters have started ordering reformulated sleep aids.

Like many chains, Roses and Clover were first steered away from the category by the F.D.A.'s 1979 recall of methaprilene, then the active ingredient in sleep aids.

Although the products were then reformulated with approved drugs, the cloud of uncertainty about their safety and efficacy continued to shadow the category. But, following this year's approval of a safer, stronger drug (diphenhydramine hydrochloride) for use as an OTC sleep aid, chains are adopting a brighter view of the category.

New Moves

Roses will put the category in its stores by late summer, reported H&BA buyer Gary Church. He added that as part of a new concept the chain will launch home remedy sections with a broader assortment of remedies including antacids, analgesics, diet aids and sleep aids.

Church explained his chain had once stocked sleeping aids but dropped them after F.D.A. recalled the active ingredient three years ago.

Clover, on the other hand, is taking a more conservative position. The Philadelphia chain will only order a sleep aid on a customer's request.

Ron Kaufman, director of pharmacy for the chain, said the drug's only benefit is to help a person develop the habit of falling asleep, which is why the products should be used for no more than seven consecutive days.

When customers ask at the pharmacy counter for a treatment for insomnia, they are advised to see a doctor, Kaufman continued.

Fedco and Cook United have remained committed to the category Each chain will have the new formula Nytol on the shelves in August and have ordered Sominex II. Both products contain the drug approved in April of this year.

Nytol is phasing out its earlier formula in favor of the new stronger version but Sominex will be available in two formulas. Both Fedco and Cook United, however, plan to stock only the latest formula of Sominex.

A spokesman for Cook United explained that a person looking for a sleep-inducing medication will generally buy the stronger formula. The chain's assortment includes two sizes each of Nytol, Sominex and Unisom.

The chain's best-selling sleep aid is Unisom—which debuted after the 1979 recall and never contained the controversial drug methaprilene.

Increased Advertising

The chain advertises the category five or six times a year, although this year it expects to profit from heightened advertising by J. B. Williams, maker of Sominex.

Fedco buyer Mike Bottaman plans to phase out the older Sominex formula and stock only Sominex II, which costs consumers the same as the original formula.

Bottaman feels one strength of the brand should be sufficient to meet consumer demand. "It would be senseless to have two formulas of the same brand," he explained, adding that carrying two strengths would also mean an additional sku.

(Continued on page 8)

Dramamine
VANQUISH
two buffers
VIVARIN
Arthritis Pain Formula
Take Sominex
Take Sominex Tonight
EXTRA STRENGTH BUFFERIN
Sominex
Unisom
MAXIMUM STRENGTH ANACIN-3
CAPSULES

K mart is one chain expected to cash in on safer, stronger sleep-aid formulas. The Lodi, N.J., store stocks Nytol and Sleep-Eze plus the two sizes of Unisom and Sominex shown here. *(DSN photo)*

Single-Treatment Conditioner Packs Top Pro Hair Care

Single treatment conditioning packs dominate the professional hair care category according to a Product Movement Audit supplied by Boston Distributors for the period Feb. 1 to April 23, 1982.

Of the top 15 hair care products developed for and sold to professionals—but distributed to discounters by Boston—seven are small packs with enough conditioner for one or two treatments.

Although tradition-minded discounters shy away from professional lines because the items are not advertised nationally, eight of the 15 items listed bear the names of well-known mass hair care lines.

Clairol's Luminize holds the top two spots and the company's Intense Protein Pack is ranked fourth. Revlon has two conditioning packs on the chart (Nos. 9 and 11). L'Oreal's Mermade conditioner has two of the 15 slots (10 and 13), and Pantene's shampoo concentrate is ranked No. 14.

Margins of 40% plus on professional lines attract more daring discounters to the category. Boston's vp of merchandising explained success with the category requires promotional support from the chain as well as merchandising tied strongly to the mass hair care department.

The growing strength of professional lines is revealed in the results of the hair spray PMA. All Set, ranked Nos. 2, 7 and 11, is a professional line tracked with the mass lines by Boston because of its dominance in the category.

The hair spray market received a shot in the arm from the success of Gillette's Mink Difference (not on the chart). Gillette's entry and Rave (No. 10) are expected to continue to gain. Boston's vp said Mink Difference should be one of the top 15 later this year. He added that Jhirmack and Sassoon will take shots at tapping the potential of the spray market with entries slated for this year.

Shampoos and conditioners—the meat and potatoes not only of the hair care category but of the entire H&BA category—endure a steady stream of new entries. Shampoos are the top H&BA items based on dollar volume. That translates into millions for even a couple of share points. Seven of the 15 shampoos listed and five of the top conditioners have been on the market for less than five years.

Flex remains a dominant force with the top items in both categories.

Jhirmack, Head & Shoulders conditioning formula and Silkience are rapidly gaining in the shampoo category. Selsun Blue pushed its way onto the chart for the first time.

Gillette's shampoo entry slated for late this summer called FOHO (for oily hair only) is expected to do well. Gillette's unique approach will zoom in on the oily formula sector—19% says Gillette—of the total market.

Future sales gainers in the conditioner category will be Enhance (No. 7), Sassoon (No. 12) and Finesse (not on the chart). Boston's vp reports tremendous sales of Finesse, Helene Curtis' version of Silkience (No. 11).

Wella Balsam Conditioner is still strong with a No. 10 ranking, although its counterpart on the shampoo market has dropped from the chart.

PRODUCT MOVEMENT AUDIT

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	SHAMPOO			
1	Flex Shampoo Normal 16 oz	33,180	1.92	63,706
2	Flex Shampoo Extra Body 16 oz	25,314	1.92	48,603
3	Flex Shampoo Oily 16 oz	19,392	1.92	37,233
4	Head & Shoulders Lotion 15 oz	8,664	3.62	31,364
5	Jhirmack Shampoo Oily 8 oz	13,968	2.19	30,590
6	Vidal Sassoon Shampoo 8 oz G30	12,816	2.35	30,118
7	Flex Shampoo Dry & Damaged 16 oz	15,072	1.92	28,938
8	Faberge Organic Shampoo 15 oz	19,944	1.27	25,329
9	Head & Shoulders Condition Lotion 15 oz	6,918	3.62	25,043
10	Selsun Blue Lotion 7 oz	6,852	3.58	24,530
11	Silkience Shampoo Extra Body 15 oz	7,434	2.92	21,707
12	Vidal Sassoon Shampoo 12 oz G32	6,696	3.21	21,494
13	Head & Shoulders Lotion 7 oz	10,956	1.93	21,145
14	Prell Shampoo 11 oz	8,520	2.34	19,937
15	Jhirmack Shampoo EFA 8 oz	8,190	2.19	17,936
	CREME RINSES AND CONDITIONERS			
1	Flex Balsam With Body 16 oz	32,028	1.92	61,494
2	Flex Balsam Regular 16 oz	25,008	1.92	48,015
3	Vidal Sassoon Finishing Rinse 8 oz G60	9,240	2.35	21,714
4	Flex Balsam Oily 16 oz	10,830	1.92	20,794
5	Flex Balsam Dry & Damaged 16 oz	10,620	1.92	20,390
6	Silkience Condition Extra Body 15 oz	6,402	2.92	18,694
7	Enhance Instant Condition Regular 16 oz	5,988	2.81	16,826
8	VO5 Hot Oil Treatment 4-Pack	4,014	3.60	14,450
9	Enhance Instant Condition Dry 16 oz	5,016	2.81	14,095
10	Wella Balsam With Body 16 oz	7,092	1.84	13,049
11	VO5 Tubes Regular 1.5 oz	5,544	2.15	11,920
12	Vidal Sassoon Finishing Rinse 12 oz G62	3,396	3.21	10,901
13	Silkience Conditioner Regular 15 oz	3,558	2.92	10,389
14	Agree Conditioner Extra Body 16 oz	3,552	2.87	10,194
15	VO5 Hot Oil Treatment 2-Pack	4,176	2.37	9,897

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	HAIR SPRAY			
1	Aqua Net Hair Spray Super 9 oz	41,016	1.20	49,219
2	All Set Hair Spray Gold Extra 19 oz	25,500	1.75	44,625
3	Aqua Net Regular 9 oz	30,084	1.20	36,101
4	Aqua Net Hair Spray Unscented 9 oz	26,976	1.20	32,371
5	Miss Breck Hair Spray Super 9 oz	17,316	1.73	29,957
6	Adorn Hair Spray Hard To Hold 9 oz	9,624	2.83	27,236
7	All Set Hair Spray Blue Firm 19 oz	14,436	1.75	25,263
8	Miss Breck Hair Spray Super Unscented 9 oz	12,900	1.73	22,317
9	Miss Breck Hair Spray Regular 9 oz	10,164	1.73	17,584
10	Rave Hair Spray Extra Hold 7 oz	9,540	1.73	16,504
11	All Set Hair Spray Unscented 19 oz	9,216	1.75	16,128
12	Adorn Hair Spray Unscented 9 oz	5,640	2.83	15,961
13	Clairmist Hair Spray Unscented 8 oz	9,948	1.57	15,618
14	Adorn Hair Spray Regular 9 oz	5,016	2.83	14,195
	PROFESSIONAL HAIR CARE			
1	Clairol Luminize Kit 4 oz	3,000	4.05	12,150
2	Clairol Luminize Packette	9,012	1.06	9,553
3	Tia Zolin Placenta Condition 2-pack	2,832	2.27	6,429
4	Clairol Intense Protein Pack ¾ oz	3,474	1.57	5,454
5	Tia Zolin Placenta Condition Pack 2 oz	2,928	1.70	4,978
6	Jheri Redding Shampoo 16 oz	1,660	2.92	4,847
7	KMS Nefa Shampoo 8 oz	1,061	4.18	4,435
8	Jheri Redding Instant Condition 16 oz	1,518	2.90	4,402
9	Realistic Moisture Pack 1 oz	2,844	1.38	3,925
10	L'Oreal Mermade Instant Condition 16 oz	939	3.59	3,371
11	Revlon Thermal Tex Pad 1 oz	2,520	1.31	3,301
12	Jojoba Bean Hair Treatment 2.6 oz	1,172	2.77	3,246
13	L'Oreal Mermade Condition 4 oz	992	3.11	3,085
14	Pantene Shampoo Concentrate 16 oz	741	4.08	3,023

Source: Boston Distributors, Maple Heights, Ohio. For Feb. 1, 1982, to April 23, 1982.